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UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

(Alcoholic Beverages Regulations, Series 1)

ALCOHOLIC BEVERAGES REGULATIONS MADE BY THE SECRETARY
OF AGRICULTURE UNDER THE MARKETING AGREEMENT AND
SPECIAL PERMITS UNDER THE LICENSE FOR THE DISTILLED
SPIRITS INDUSTRYUNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

Pursuant to the terms of the Marketing Agreement for the Distilled Spirits Industry, approved by the Secretary of Agriculture on December 9, 1933, and of the special permits under the license issued for the Distilled Spirits Industry, by the Secretary, on December 9, 1933, as amended, and for the purposes thereof, I, Henry A. Wallace, Secretary of Agriculture, do make, prescribe, publish and give public notice of the following regulations, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture.

I. AVERAGE FARM PRICE AND FAIR EXCHANGE
VALUE

I do hereby ascertain and prescribe:

1. That as of November 15, 1933, the average farm price per bushel of field corn of fifty-six (56) pounds was forty and six tenths (40.6) cents, and the fair exchange value thereof was seventy-five and one tenth (75.1) cents.
2. That as of November 15, 1933, the average farm price per bushel of barley of forty-eight (48) pounds was forty-one and six tenths (41.6) cents, and the fair exchange value thereof was seventy-two and four tenths (72.4) cents.
3. That as of November 15, 1933, the average farm price per bushel of rye of fifty-six (56) pounds was fifty-five and four tenths (55.4) cents, and the fair exchange value thereof was eighty-four and two tenths (84.2) cents.
4. That as of November 15, 1933, the average farm price per bushel of wheat of sixty (60) pounds was seventy-one and one tenth (71.1) cents, and the fair exchange value thereof was one hundred three and four tenths (103.4) cents.
5. That as of November 15, 1933, the average farm price per bushel of oats of thirty-two (32) pounds was thirty-one and four tenths (31.4) cents, and the fair exchange value thereof was forty-six and seven tenths (46.7) cents.

The respective average farm prices and fair exchange values set forth above shall remain in force and effect for a period of not more than three months beginning December 1, 1933.

II. CONVERSION FACTORS

A. PRODUCTS OF CORN

I do hereby establish the following conversion factors which fix the percentage of the parity payment per bushel of field corn which shall be paid by the distiller with respect to each one hundred pounds of the following-named products of field corn¹ purchased and used in the manufacture of distilled spirits:

	<i>Percent</i>
Hydrol -----	175.3
Corn Meal (Non-degermed) -----	200.0
Corn Meal (Degermed) -----	300.0
Cracked Corn -----	178.6
Corn Starch (Modified or unmodified) -----	275.1

If a product of field corn, other than a product named above, is purchased and used in the manufacture of distilled spirits, the conversion factor specified for such product in Field Corn Regulations, Series 1, Supplement 1, shall fix the percentage of the parity payment per bushel of field corn which shall be paid by the distiller with respect to each 100 pounds thereof so purchased and used.

A product of any grain for which no conversion factor is prescribed herein, is not excluded from the parity payment, unless the said Agreement so provides, and the Secretary, if he deems it necessary, may prescribe such conversion factor.

B. MOLASSES

I do hereby establish the following conversion factors which fix the percentage of the sum of the parity payment plus the per bushel processing tax, if any, on the cereal grain, specified below, which is normally used or available for use by the distiller, in order to determine the payment to be made by the distiller, with respect to each one hundred pounds of cane molasses and beet molasses used in the manufacture of ethyl alcohol which is to be used in the manufacture of gin or the rectification of distilled spirits.

Cereal grain or product	Cane molasses	Beet molasses
	<i>Percent</i>	<i>Percent</i>
Corn -----	143.9	107.9
Barley -----	187.4	140.6
Rye -----	156.5	117.4
Wheat -----	128.5	96.4
Oats -----	327.2	245.4

¹ For definitions of the products of field corn named, see Field Corn Regulations, Series 1 (R-9).

If a product of a cereal grain is normally used or available for use by the distiller manufacturing such ethyl alcohol from molasses, instead of the cereal grain itself, the payment to be made with respect to each one hundred pounds of cane molasses and beet molasses shall be determined in the same manner as if the cereal grain itself, rather than the product thereof, were normally used or available for use by the distiller.

Corn shall be deemed to be the grain normally used or available for use by such distiller, unless the distiller shall establish to the satisfaction of the Secretary (1) that corn is not normally used or available for use by the distiller, and (2) the grain named above (other than corn) which is normally used or available for use by the distiller.

III. PAYMENT

LIABILITY FOR PAYMENT

(a) *Cereal grains or products.* Whenever the sum of (1) the current average farm price for any cereal grain or product thereof used by a distiller, plus (2) the processing or other tax under the Act, if any, paid with respect thereto or with respect to a commodity from which processed or derived directly or indirectly, is less than the fair exchange value for such grain or product, the distiller shall pay the amount of such difference (herein referred to as the "parity payment").

(b) *Molasses.* Each distiller who manufactures, under special permit, ethyl alcohol to be used for the manufacture of gin or for the rectification of distilled spirits from a commodity other than a cereal grain or product thereof, shall pay an amount, per unit of the commodity used under permit, equal to the parity payment, if any, then in effect per equivalent unit of the cereal grain or product thereof, if any, normally used, or available for use by the permittee. In addition, if no processing or other tax under the Act is in effect with respect to the commodity used under permit, the amount to be so paid shall be increased by the amount of the processing or other tax under the Act, if any, then in effect per equivalent unit of such cereal grain or product thereof.

RATE OF PROCESSING TAX APPLICABLE

For the purpose of computing the payment to be made by the distiller, the rate of processing tax applicable to wheat or corn shall be the rate in effect with respect thereto, at the time the cereal grain or product thereof, or commodity other than a cereal grain or product thereof, is used by the distiller in the manufacture of distilled spirits.

PRESUMPTION AS TO USE OF MATERIALS

Every cereal grain or product thereof, and every commodity other than a cereal grain or product thereof, used by the distiller in the manufacture of distilled spirits, shall be deemed to have been used

by the distiller in the manufacture of such distilled spirits for a beverage use unless the distiller shall file with his return proof, establishing to the satisfaction of the Secretary of Agriculture, that such cereal grain or product thereof, or such commodity other than a cereal grain or product thereof, was used in the manufacture of distilled spirits which were denatured by the distiller or sold and used for an industrial purpose.

CREDITS

(a) If the distiller shall have (1) paid, in a prior month, the parity payment on a cereal grain or product thereof, or on a commodity other than a cereal grain or product thereof, which was used in the manufacture of distilled spirits undenatured by the distiller, and it shall be established, as herein provided, that such distilled spirits were subsequently denatured or sold and used for an industrial purpose, or (2) manufactured denatured alcohol during the month, or (3) manufactured and sold undenatured alcohol during the month for an industrial use, the distiller shall be entitled to a credit, during the month for which the return is filed, in the amount of the parity payment which would have been due on the commodity or commodities used if such distilled spirits had been manufactured and sold for a beverage use, or in the amount of the parity payment which was theretofore paid, on account of the commodity or commodities used in the manufacture of such distilled spirits.

(b) The distiller, in his return, shall establish to the satisfaction of the Secretary the quantity of each cereal grain or product thereof, or of the commodity other than a cereal grain or product thereof, actually used in the manufacture of such distilled spirits, and shall thereupon be entitled to a credit in the amount of the payment in effect with respect thereto during the month in which used, or, if the month in which used shall not be established, the distiller shall be entitled to a credit in the amount of the payment in effect with respect thereto in the month for which the return is filed.

(c) If the distiller shall be unable to establish to the satisfaction of the Secretary, the quantity of each cereal grain or product thereof, or of the commodity other than a cereal grain or product thereof, actually used in the manufacture of such distilled spirits, the credit for each gallon of such distilled spirits of 100 proof shall be equal to the parity payment in effect during the month for which the return is filed (or for the month in which actually used if that shall be established) with respect to twenty-one hundredths (.21) bushel of corn, nineteen hundredths (.19) bushel of wheat, twenty-three hundredths (.23) bushel of rye, twenty-seven hundredths (.27) bushel of barley, or forty-eight hundredths (.48) bushel of oats, whichever of said grains was used in largest quantity by the distiller or, in the case of a distiller using molasses, whichever of said grains is normally used or available for use by the distiller.

(d) If the total of the aforesaid credits exceeds, in any month, the total payment computed as hereinbefore provided, the distiller shall be entitled to a refund in the amount of such excess, without interest.

PAYMENT ON MOLASSES USED IN PRODUCTION OF ETHYL ALCOHOL PRIOR TO EFFECTIVE DATE OF PERMIT

A distiller who is unable to establish to the satisfaction of the Secretary of Agriculture, the quantity of molasses actually used, prior to the effective date of any permit, in the manufacture of ethyl alcohol which was sold during the period of but prior to the expiration of such permit, to rectifiers and blenders holding permits issued by the Federal Alcohol Control Administration, shall be deemed to have used in the production of each gallon of such ethyl alcohol of 100 proof: twenty-one hundredths (.21) bushel of corn, nineteen hundredths (.19) bushel of wheat, twenty-three hundredths (.23) bushel of rye, twenty-seven hundredths (.27) bushel of barley, or forty-eight hundredths (.48) bushel of oats, whichever of said grains is normally used, or available for use by the distiller. The distiller shall make the parity payment in effect with respect to such quantity of grain during the month for which the return is filed.

PROOF OF TAX PAID SALES OF ETHYL ALCOHOL

If, during the period January 15 to February 28, 1934, inclusive, the distiller, under special permit, marketed and sold ethyl alcohol for use in the manufacture of gin or for the rectification of distilled spirits, such distiller shall file with the return proof, establishing to the satisfaction of the Secretary, that such ethyl alcohol was sold and Federal tax paid before March 1, 1934, to rectifiers and blenders holding permits issued by the Federal Alcohol Control Administration.

RETURN AND PAYMENT

(a) The payment required to be made by the distiller, on each cereal grain or product thereof, and on each commodity other than a cereal grain, or a product thereof, used in the manufacture of distilled spirits, shall be made by the distiller to the Disbursing Clerk, United States Department of Agriculture, on or before the last day of the month immediately following the calendar month in which the particular commodity was used, except that any payment due from the distiller for the month of December 1933, may be made on or before February 10, 1934.

(b) All payments are due and payable without assessment by or notice from the Secretary of Agriculture.

(c) Remittance covering payments due for each calendar month must be in the hands of the Comptroller, Agricultural Adjustment Administration, Department of Agriculture, Washington, D.C., on or before the last day of the month immediately following such calendar month, except as aforesaid.

(d) Such remittance, payable as aforesaid to Disbursing Clerk, United States Department of Agriculture, shall be accompanied by a return, prepared by the distiller, on forms to be furnished by the Secretary of Agriculture, setting forth the following information: The name and address of the distiller; the location of the plant owned

or operated by the distiller; the Federal Alcohol Control Administration number of the distiller; the quantity of each cereal grain or product thereof, and of each commodity other than a cereal grain or a product thereof received, used in the manufacture of distilled spirits, destroyed, removed to another plant or otherwise disposed of by the distiller; the quantity of such cereal grain or product thereof and of each commodity other than a cereal grain or product thereof on hand at the beginning and at the end of the month in the plant or in warehouse attached to the plant; the kind and quantity of all distilled spirits produced by the distiller, and such other and further information as the Secretary may from time to time prescribe. A separate return shall be filed by the distiller for each plant owned or operated by the distiller. Such return shall be signed and sworn to before an officer authorized to administer oaths generally and under seal.

(e) If the last day of the month on which the return and the payment is due falls on a Sunday or a legal holiday, the return may be filed and the payment may be made on the next following business day.

In witness whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the City of Washington, this 23rd day of January, 1934.



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Secretary of Agriculture.

